

Financial press release – Síminn hf. Q1 2023

Revenue growth in the first quarter

- Revenue in the first quarter (Q1) of 2023 amounted to ISK 6,298 million compared to ISK 6,093 million in the same period 2022 and increased by 3.4%. If one-off items are excluded in Q1 2022, Síminn's revenue increased by 5.2%. There is steady growth in Síminn's core services, mainly in TV services, or almost 10%.
- EBITDA amounted to ISK 1,315 million in Q1 2023, down by ISK 12 million or 0.9% compared to the same period 2022. The EBITDA ratio was 20.9% in Q1 2023, compared to 21.8% in the same period of 2022. Operating profit EBIT amounted to ISK 318 million in Q1 2023, compared to ISK 574 million in the same period of 2022.
- Net financial expenses amounted to ISK 1 million in Q1 2023, but were positive by ISK 92 million in the same period of 2022. Financial expenses amounted to ISK 249 million, financial income ISK 260 million, and foreign exchange loss ISK 12 million.
- Profit in Q1 2023 amounted to ISK 246 million compared to a ISK 553 million profit of continuing operation in the same period 2022.
- Interest-bearing debt including lease liabilities amounted to ISK 8.8 billion at the end of Q1 2023, compared to ISK 8.9 billion at the end of 2022. Cash in the end of Q1 2023 amounted to ISK 1.8 billion, compared to ISK 3.7 billion at the end of 2022. The balance of loans at Síminn Pay was ISK 1.9 billion at the end of Q1 2023, but was ISK 1.7 billion at the end of 2022.
- Síminn's equity ratio was 55.3% at the end of Q1 2023 and equity was ISK 18.8 billion.

Orri Hauksson, CEO:

"The year starts off strong. It was gratifying to see that Síminn continues to attract customers with a comprehensive product range. Revenues increased year-on-year in the company's most profitable products, internet, mobile and IPTV. Fintech also continues its rapid growth with the release of a new credit card accessible to all citizens. Síminn's costs also increase between years with salary increases, rapid depreciation of investments and supplier contracts, most of which are linked to exchange rates and price level. In this way, exchange rate, depreciation and inflation ultimately translate into Síminn's costs, and in the current situation we are therefore extremely satisfied with managing to keep EBITDA unchanged from year to year.

The company's mobile network is constantly being developed throughout the country, in cooperation with the company's main suppliers, the Emergency Service (112) and other parties. According to United Nations reports, no country in the world is better connected than Iceland, and such a structure does not come by itself. Within a few years, every home in the

country will be connected to a fiber optic cable and in a 5G connection, but following the new frequency allocations, Síminn is the most powerful partner of the authorities (ECOI) in building a mobile network that will reach all main roads and the busiest highland roads in the country in the coming years.

We continue to invest in high-quality TV content, foreign and domestic. Our TV service has grown rapidly and the recent agreement with HBO has caused an explosion in the use of the Premium service. More than 5 million orders per month means that each subscriber uses the service on average more than four times every 24 hours. Such figures are not known by other content providers in the world.

Síminn's digital transformation is on schedule and simpler operations following the sale of Míla will quickly translate to our customers in more agile service, more self-service and faster product development. The future is bright now that the company can start competing on an equal footing instead of being subject to special and increased regulatory control. On the last day of the first quarter of the year, Síminn paid more than ISK 16 billion to its owners and in two years has paid them more than ISK 55 billion as well as share buybacks worth ISK 6.6 billion."

Q1 2023

Operation

Income statement	Q1			
	2023	2022	Change	%
Net sales	6.298	6.093	205	3,4%
Cost of sales	(4.155)	(3.762)	(393)	10,4%
Operating expenses	(1.825)	(1.757)	(68)	3,9%
EBIT	318	574	(256)	-44,6%
Net financial items	(1)	92	(93)	-101,1%
Income tax	(71)	(113)	42	-37,2%
Net profit from continuing operation	246	553	(307)	-55,5%
Discontinued operation	0	193	(193)	-100,0%
Net profit	246	746	(500)	-67,0%
EBITDA	1.315	1.327	(12)	-0,9%
EPS from continuing operation	0,07	0,08	(0,01)	-12,5%

Total sales for Q1 2023 amounted to ISK 6,298 million, compared to ISK 6,093 million for the same period 2022, up by 3,4%. Looking at the company's core products, revenue growth is 5.2%.

Revenue from mobile amounted to ISK 1,513 million, up by ISK 100 million or 7.1% between periods. Revenue from fixed voice amounted to ISK 279 million, down by 26.2% between periods. Revenue from data (internet & network) amounted to ISK 1,966 million, up by ISK 108 million or 5.8% between periods. Revenue from TV services amounted to ISK 1,838

million, up by ISK 165 million or 9.9% between periods. Revenue from equipment sale amounted to ISK 472 million, up by ISK 23 million or 5.1% between periods. Other revenue amounted to ISK 230 million, down by ISK 92 million between periods. The decrease is due to Spotify and the sale of telecommunications equipment to Mila, but if these items are ignored, other income increases by 7.5% between periods.

The cost of sales amounted to ISK 4,155 million and increases by ISK 393 million or 10.4% from the same period last year, which is largely explained by the increased depreciation of content rights. Operating expenses amounted to ISK 1,825 million and increases by ISK 68 million or 3.9% from the same period last year.

Depreciation amounted to ISK 997 million in Q1 2023, compared to ISK 753 million in Q1 2022, up by ISK 244 million. As mentioned before, the increase is largely related to the amortization of content rights, in addition to the fact that the depreciation of IT assets has increased between periods.

Cash flow

Operating activities amount to a total of ISK 1,315 million in Q1 2023, compared to ISK 1,323 million during the same period in 2022. The decrease in operating-related assets and liabilities in Q1 2023 is ISK 145 million.

Cash generated by operation was ISK 1,170 million in Q1 2023, compared to ISK 1,636 million during the same period in 2022. After interest and taxes, net cash from operating activities amounted to ISK 1,130 million in Q1 2023, compared to 1,472 m.kr. in Q1 2022.

Investment activities were positive, amounting to ISK 13,803 million in Q1 2023, compared to ISK 222 million during the same period in 2022. In Q1 2023, Síminn sold a bond that Síminn received as payment when Míla was sold, which explains the positive investment movements in the quarter.

Financing activities were negative, amounting to ISK 16,785 million in Q1 2023, which is mainly explained by the fact that during the quarter, the company's share capital was reduced by a payment amounting to almost ISK 15.6 billion.

Cash flow	Q1 2023	Q1 2022
Operating profit	318	574
Depreciation	997	753
Gain on sale of fixed assets	0	(4)
Total operating activities	1.315	1.323
Changes in current assets and liabilities	(145)	313
Cash generated by operation	1.170	1.636
Net interest expenses paid during the period	118	(25)
Payments of taxes during the period	(158)	(139)
Net cash from operating activities	1.130	1.472
Investing activities	13.803	(222)
Financing activities	(16.785)	(994)
Changes in cash and cash equivalents	(1.852)	256
Translation effects on cash	(37)	(6)
Cash and cash equivalents at the beginning of period	3.721	3.509
Cash and cash equivalents at the end of period	1.832	3.759

Balance sheet

Total assets amounted to ISK 33,971 million at the end of Q1 2023 but were ISK 51,181 million at the end of 2022.

Interest-bearing debts, including lease obligations, were ISK 8,825 million at the end of Q1 2023, compared to ISK 8,867 million at the end of 2022. Cash at the end of Q1 2023 amounted to ISK 1,832 million compared to ISK 3,721 million at the end of 2022. Net interest-bearing debt with lease liabilities and Síminn Pay consumer loans were ISK 5,052 million at the end of Q1 2023 compared to ISK 3,449 million at the end of 2022.

Equity amounted to ISK 18,785 million at the end of Q1 2023 and equity ratio was 55.3%.

Assets	31.03.2023	31.12.2022
Property, plant and equipment.....	2.524	2.466
Right-of-use assets.....	892	941
Intangible assets.....	21.871	22.122
Other non-current assets.....	544	580
Non-current assets	25.831	26.109
Corporate bond.....	0	15.687
Cash and cash equivalents.....	1.832	3.721
Other current assets.....	6.308	5.664
Current assets	8.140	25.072
Total assets	33.971	51.181

Equity and liabilities	31.03.2023	31.12.2022
Total equity.....	18.785	35.261
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Borrowings.....	5.960	5.956
Finance lease.....	679	731
Accounts payables.....	0	639
Deferred tax liabilities.....	154	89
Non-current liabilities	6.793	7.415
Other Current liabilities.....	8.393	8.505
Current liabilities	8.393	8.505
Total equity and liabilities	33.971	51.181

Key events

- Síminn launched the Home package in the fall of 2015, a bundle containing internet, fixed voice, TV services and Premium TV. The package was well received from the start and the Home package has been Síminn's flagship product in recent years. Síminn recently introduced a wider range of bundle packages that caters to a larger group of customers. The new packages have been well received in the first few weeks since they were first offered.
- Síminn Pay's loans are of two types. The company started lending operations with Léttkaup in 2019, where customers can split payments for large and small items into monthly payments. In the fall of 2022, the Léttkort was added, where customers are offered flexible payments and pay off their consumption at their own pace in all the places in the world that accept Mastercard. Lately, the growth in loans due to Léttkaup has decreased, but the growth in the last few months is related to Léttkort, and a third of loans at the end of Q1 2023 were due to Léttkort.
- The increased supply of content on Síminn's TV, primarily with the introduction of a contract with HBO and new Icelandic content for children, has resulted in a large increase in orders of content in Síminn's platform. In Q1, the number of orders in Síminn's platform increased by 25% year-on-year, and the number of orders exceeded 5 million for the first time in January 2023.
- 5G deployment continues and 5G transmitter number 100 was recently installed. Both 5G transmitters have been installed in new locations along with densification in the capital area and urban area throughout the country, but at the same time, 4G transmitters are being updated to ensure increased performance and increased range. The latest 5G transmitters can be found in Dalvík, Grindavík, Hella, Hvolsvöllur, Keflavík, Selfoss and Tálknafjörður.

Guidance 2023

The guidance for 2023 is unchanged and assumes that EBITDA for the group will be in the range of ISK 5.9 – 6.3 billion. CAPEX is estimated to be in the range of ISK 3.6 – 3.9 billion excluding licences and spectrum.

Investor meeting 26 April 2023

An investor presentation will be held on Wednesday 26 April 2023 at 8:30 am at Síminn's headquarters in Ármúli 25, Reykjavík. During the meeting, Orri Hauksson CEO and Óskar Hauksson CFO will present the financial results. The meeting will be held in Icelandic. Documents for the meeting are available in Nasdaq's Iceland company news and on the company's investor relations website <https://www.siminn.is/fjarfestar/quarterly-results>.

The meeting is webcasted on: <https://www.siminn.is/fjarfestakynning>.

Financial Calendar 2023

Interim report for the first half of 2023	22 August 2023
Interim report for the first nine months of 2023	31 October 2023
Announcement of the 2023 results	20 February 2024
Annual General Meeting 2024	14 March 2024

Further information

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